

The complaint

Miss F says Bank of Scotland plc (trading as Halifax) mis-sold her a payment protection insurance (PPI) policy.

What happened

In 1999 Miss F took out a mortgage with Halifax. Around the same time, she took out a PPI policy to protect her monthly mortgage payments if she was off sick, or if she lost her job. Miss F paid a monthly premium for the policy. The policy cost £9.35 per month. If Miss F had made a successful claim, it would have paid monthly benefit of around £176 for up to 24 months. The benefit covered her monthly mortgage payment, plus 25% to cover mortgage-related costs.

Our adjudicator didn't uphold the complaint. Miss F disagreed with the adjudicator's opinion so the complaint has been passed to me.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. We've set out our general approach to complaints about the sale of PPI on our website and I've taken this into account in deciding Miss F's case.

Where the evidence is incomplete or inconclusive I need to decide what I think's most likely to have happened, based on the information I have.

I've decided not to uphold Miss F's complaint. I'll explain why.

- Miss F applied for the mortgage at a face-to-face meeting with a mortgage adviser. I've seen a copy of her signed mortgage application form. It included a section on PPI. It says that Halifax recommends that the applicant take out PPI, and that they fully understand the risks if they don't take it. The word "Quote" is written in manuscript in that section. A few weeks after she applied for the mortgage, Miss F transferred her application to a different property, costing a similar amount. Halifax's records show that a few days after that, it sold her the PPI during a phone call.
- I think it's likely that Miss F was sent a quote for the PPI after she signed the mortgage application. And I think it's likely that this followed a discussion between Miss F and the mortgage adviser about her insurance needs. I can't be sure what was said to Miss F during the phone call a few weeks later, when the PPI was sold.

But I think it would have been clear from the mortgage application form that the PPI was optional. And I think it's more likely than not that the policy was set up because Miss F chose to take it – although I can understand how she may no longer remember this, so many years later.

- Miss F told us that Halifax didn't recommend the PPI to her. But Halifax says that it would have done. And for the purposes of this decision, I've assumed that a recommendation was made. This is to Miss F's advantage, as it means that Halifax had a responsibility to check that the policy was suitable for her. But it doesn't look as if it was unsuitable, based on what I've seen of Miss F's circumstances at the time.
- Miss F has told us she can't remember whether she'd have been entitled to any sick pay or redundancy pay from her employer at the time. If she'd made a successful claim under the policy for accident or sickness or unemployment, it would have covered her monthly mortgage payments and mortgage-related costs for up to two years. What's more, it would have paid out in addition to any sick pay or redundancy pay that Miss F received. So she could have used those payments to meet other day-to-day costs.
- I acknowledge that Miss F has pointed out that her parents were guarantors for her mortgage. But I don't think this means the PPI wasn't right for her. The policy would have meant that she wouldn't need to rely on her parents as guarantors for two years if something had gone wrong. And it would have given her some helpful breathing space at what it's likely would have been a difficult time.
- Miss F has also said that her family could have supported her for as long as needed. But circumstances can change, and I can't be sure that Miss F's family would have been in a position to support her if the need had arisen. And although she's mentioned that she had life insurance, that's a different type of insurance, and it wouldn't have paid out in the same circumstances as PPI. Taking everything into account, I think Miss F could have found the PPI useful.
- It's possible that Halifax could have given Miss F clearer information about the cost of the policy. But it was competitively priced, and I've seen nothing to make me think Miss F couldn't afford it. And as she was paying for it monthly, she could have cancelled it at any time if her circumstances changed, or if she decided she no longer wanted the cover.
- It's possible Halifax didn't point out the main things the policy didn't cover. But based on what she's told us about her circumstances at the time, it's unlikely that Miss F would have been affected by any of these. So I don't think she'd have made a different decision about taking the PPI even if better information had been provided.

I've taken account of all Miss F's comments, including what she's said about the cancellation terms of the PPI not having been explained to her. But I'm satisfied that she knew she had the cover and knew it was optional. And if she'd wanted to cancel it, I think it's likely she'd have contacted Halifax. So this doesn't change my view.

My final decision

For the reasons set out above, I don't uphold Miss F's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss F to accept or reject my decision before 12 May 2020.

Juliet Collins
Ombudsman